Financial Flows

Annexure

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Last updated 17 April 2024 using IFs v7.84

Annexure

This theme used IFs version 7.84. All interventions start in 2024, interpolate to 2033 and then are maintained at that level unless indicated otherwise.

Interventions and parameters	Adjustment in IFs	Benchmark/Justification/Notes
Increase remittance to Africa (xworkremitinm)	Interpolate from 1 to 1.1 and maintain for each African low-income country. Interpolate from 1 to 1.08 and maintain for each African low-middle-income country.	On average, low-income Africa receives more remittances than lower-middle-income countries. No intervention for upper-middle-income African countries. They are generally net remittance senders. This intervention keeps remittance flows to Africa above South America and below South Asia over the forecast horizon, in line with current and past trends. South Asia and South America are the two most comparable regions to Africa.
Increase Aid (foreign) receipts (aidrecm)	Interpolate from 1 to 1.15 and maintain for each African low-income country. Interpolate from 1 to 1.1 and maintain for each African lower-middle-income country.	On average, low-income countries in Africa receive more aid than lower-middle-income countries. Low-income countries in Africa rely more on aid. No intervention for upper-middle-income African countries. Aid flows to this group in Africa have significantly declined. Aid to Africa now goes mainly to low- and lower-middle-income countries. Upper-middle-income countries rely more on FDI. This intervention keeps aid flows to Africa above South Asia and South America over the forecast horizon, in line with current and past trends. Since 1960, aid flows to Africa have been consistently above those to South Asia and South America.

Increase aid donations from High-income OECD countries (aiddon)	Increase aid donations from OECD high-income countries from 0.24% to 0.26% of GDP, and maintain.	Aid from high-income countries accounts for a small fraction of their GNI. The UN target is 0.7% of GNI.
Increase foreign direct investment to Africa (stocks) (xfdistockm)	Interpolate from 1 to 1.08 and maintain for each African low-income country. Interpolate from 1 to 1.1 and maintain for Africa lower-middle-income countries. Interpolate from 1 to 1.12 and maintain for African upper-middle-income countries and Seychelles (the only high-income country in Africa).	On average, upper-middle-income countries receive more FDI than low- and lower-middle-income countries. Upper-middle-income countries rely more on FDI. This intervention keeps FDI stocks in Africa above South Asia and below South America over the forecast horizon, in line with current and past trends.
Reduce outward Foreign direct investment (xfdistoutm)	Interpolate from 1 to 0.8 and maintain for Africa.	A proxy for a reduction in illicit financial flows.
Increase portfolio investment in Africa (xportfoliom)	Interpolate from 1 to 1.5 and maintain for low-income countries. Interpolate from 1 to 2 and hold for lower-middle- and upper-middle-income countries in Africa and Seychelles (the only high-income country in Africa).	Foreign portfolio investment in Africa is very low, so the improvement will come from a very low base. On average, lower-middle- and upper-middle-income countries receive more foreign portfolio investment than low-income countries in Africa.

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Cite this research

Kouassi Yeboua and Jakkie Cilliers (2024) Financial Flows . Published online at futures.issafrica.org. Retrieved from https://futures.issafrica.org/thematic/10-financial-flows/ [Online Resource] Updated 17 April 2024.

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Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria oce of the ISS. His 2017 best-seller Fate of the Nation addresses South Africa's futures from political, economic and social perspectives. His three most recent books, Africa First! Igniting a Growth Revolution (March 2020), The Future of Africa: Challenges and Opportunities (April 2021), and Africa Tomorrow: Pathways to Prosperity (June 2022) take a rigorous look at the continent as a whole.

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